



Corporation Underpayment of Estimated Tax

FORM 2220N

• Read instructions on reverse side

2002

Name as Shown on Form 1120N

Taxable Year

Nebraska Identification Number

PART I — Calculate Your Underpayment

1 Nebraska income tax before credits (line 13, 2002 Form 1120N) (see instructions)	1								
2 Credit for in lieu of intangible tax paid (line 14, Form 1120N)	2								
3 CDAA credit (line 15, Form 1120N)	3								
4 Form 3800N credit (line 16, Form 1120N)	4								
5 Form 4136N credit (line 20, Form 1120N)	5								
6 Beginning Farmer credit (line 23, Form 1120N)	6								
7 Total credits (total of lines 2 through 6)	7								
8 Subtract line 7 from line 1. If the result is less than \$400, do not complete the rest of the form. You do not owe penalty.	8								
9 Enter 100% of line 8	9								
10 Enter 2001 income tax (see instructions)	10								
11 Enter the lesser of line 9 or line 10	11								
12 Enter in columns A through D the installment due dates (the 15th day of the 4th, 6th, 9th, and 12th months of your tax year) (see instr.)	12								
13 Enter 25% of line 11 in columns A through D	13								
• Complete lines 14 through 21 for one column before completing the next column									
14 Amount paid or credited for each period	14								
15 Enter amount, if any, from line 21 of previous column	15								
16 Add lines 14 and 15	16								
17 Add amounts on lines 19 and 20 of the previous column and enter result	17								
18 Line 16 minus line 17. If less than zero, enter -0- (in col. A only, enter amount from line 14)	18								
19 Remaining underpayment from previous period. If the amount on line 18 is zero, subtract line 16 from line 17 and enter the result; otherwise, enter -0-	19								
20 Underpayment. If line 18 is less than or equal to line 13, subtract line 18 from line 13 and enter the result. Then go to the next column; otherwise, go to line 21	20								
21 Overpayment. If line 13 is less than line 18, subtract line 13 from line 18 and enter the result. Then go to the next column	21								

PART II — Calculate the Penalty

22 Amount of underpayment (line 19 plus line 20)	22								
23 Date of payment or next due date (from line 12), whichever is earlier	23								
24 Number of days from due date of installment to date shown on line 23	24								
25 Underpayment penalty (see instructions for applicable interest rates)	25								
26 Total of amounts on line 25. Enter this amount in the bottom margin of Form 1120N as "Underpayment Penalty" and increase the amount of "Tax Due" or decrease the amount of the "Overpayment" accordingly	26								

ATTACH THIS FORM TO FORM 1120N

INSTRUCTIONS

WHO MUST FILE. Corporations required to make estimated tax payments must file a Corporation Underpayment of Estimated Tax, Form 2220N, when any underpayment is computed on line 20 of Form 2220N.

Corporations are required to make estimated tax payments if they reasonably expect their Nebraska income tax to exceed their allowable credits by \$400 or more. The allowable credits are: credit for in lieu of intangible tax paid; nonhighway use motor vehicle fuels credit (Form 4136N credit); Community Development Assistance Act credit; Nebraska Employment and Investment credits (Form 3800N credits); and the Beginning Farmer credit.

If the amount on line 8 is less than \$400, do not complete the rest of the form. You do not owe penalty.

WHEN AND WHERE TO FILE. This form must be attached to the Nebraska Corporation Income Tax Return, Form 1120N, and filed with that return.

PART I — Figuring Your Underpayment

LINE 1. Enter the tax amount from line 13 of the 2002 Form 1120N on line 1 of this form.

LINE 10. The entry on this line allows corporations to use the tax reported on their prior year's return less the prior year's allowable credits to determine whether an underpayment exists. Enter line 18 minus line 19 from 2001 Form 1120N. ("Large Corporations," except as noted, cannot use this calculation.) The prior year's Nebraska return must cover a period of 12 months and show a tax liability. If this calculation does not apply to you, enter your line 9 amount on line 11.

A **large corporation** is prohibited from using its prior year's tax liability except in determining the first installment of its tax year. Any reduction in a large corporation's first installment as a result of using the prior year's tax must be recaptured in the corporation's second installment.

Large Corporations. A "large corporation" is one which had, or its predecessor had, federal taxable income of at least one million dollars for any of the three taxable years immediately preceding the tax year involved. In applying the "one million dollar test," taxable income is computed without regard to net operating loss carryovers or capital loss carrybacks.

Large corporations compute line 13 amounts by using the same procedures that result in the comparable entry on the Federal Form 2220.

METHODS WHICH AVOID PENALTY. A corporation may reduce or eliminate the penalty by using the annualized

income or adjusted seasonal installment method. To use one or both of these methods to figure one or more required installments, recalculate and attach the federal Schedule A, "Required Installments Using the Annualized Income Installment Method and/or the Adjusted Seasonal Installment Method Under Section 6655(e)" using Nebraska income and other Nebraska amounts.

On this form, enter on line 13 of each column, the corresponding amount from the recalculated worksheet.

OVERPAYMENT. Any overpayment of an installment on line 21 in excess of all prior underpayments should be applied as a credit on line 16 against the next installment.

PART II — Figuring the Penalty

If line 20 shows an underpayment, you must complete Part II, lines 22 through 26, in order to determine the penalty amount for each underpayment of an installment.

LINE 23. A payment of estimated tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of which installment the payment pertains to.

Example: A corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,000. On June 15, the corporation deposits \$2,000 for its June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is figured to June 15 (61 days). The payment to be applied to the June 15 installment will then be \$1,000.

In determining the date of payment on line 23, use the date of the payment which was applied against the underpayment on line 22, the due date of the next payment (line 12 of the next column), or the 15th day of the 3rd month following the close of the taxable year, whichever is earliest.

LINE 25. The penalty is calculated at 9% per annum for all days during 2002 and at 6% per annum for days during 2003. Multiply line 22 by the applicable interest rate for the number of days shown on line 24. If one quarter includes days in both 2002 and 2003, be sure to use the appropriate rate for the number of days in each year, respectively.

If the corporation has made more than one payment for a required installment, make separate penalty calculations through the date of payment and for the remaining underpayment through the date it is paid, then add the results together and enter on line 25.